

SENATE FINANCE COMMITTEE

April 6, 2021

9:09 a.m.

9:09:16 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:09 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Donny Olson (via teleconference)
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Tim Lamkin, Staff, Senator Gary Stevens.

PRESENT VIA TELECONFERENCE

Senator Gary Stevens, Sponsor; Ben Brown, Chairman, Alaska State Council on the Arts; Sam Rabung, Director, Commercial Fisheries, Department of Fish and Game; Ginny Eckert, Professor of Fisheries Ecology, University of Alaska Fairbanks; Heather McCarty, Chair, Alaska Mariculture Task Force, Juneau; Julie Decker, Executive Director, Alaska Fisheries Development Foundation; Jeremy Woodrow, Executive Director, Alaska Seafood Marketing Institute, Juneau; Nancy Hillstrand, Owner, Pioneer Alaska Fisheries, Kachemak Bay.

SUMMARY

SB 20 OUT OF STATE TEACHER RECIPROCITY

SB 20 was SCHEDULED but not HEARD.

SB 64 SHELLFISH PROJECTS; HATCHERIES; FEES

SB 64 was HEARD and HELD in committee for further consideration.

SB 71 COUNCIL ON ARTS: PLATES & MANAGE ART

SB 71 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop relayed that committee would set SB 20 aside until the sponsor could attend the bill hearing.

#sb71

SENATE BILL NO. 71

"An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; and providing for an effective date."

[9:10:27 AM](#)

Co-Chair Bishop relayed that it was the first hearing of SB 71, and the intent of the committee was to hear the bill and set it aside. After hearing from invited testimony, he would open public testimony on the bill.

[9:11:32 AM](#)

SENATOR GARY STEVENS, SPONSOR (via teleconference), thanked the committee for hearing the bill. He relayed that SB 71 was drafted at the request of the Alaska State Council on the Arts (ASCA). It was a bill that allowed the council to raise funds from the sale of arts license plates, and held the council harmless by disallowing a veto hold for funding the council raised private funds.

[9:12:32 AM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, addressed a Sectional Analysis for Version I of the bill (copy on file):

Sec. 1: AS 28.10.421(a), relating to fees paid to the Division of Motor Vehicles (DMV) for vehicle license plates, allows for an additional fee, set by Alaska State Council on the Arts (ASCA) regulation, and not to exceed \$50, when a person chooses a new or replacement ASCA artistic plate.

The subsection also provides that these additional fees will be accounted for separately and that the total amount that exceeds the costs of the Artistic License Plate Program may be appropriated to fund the ASCA.

Mr. Lamkin noted that in Section 1, the fee was intended not to exceed \$50, but clarified that the fee would not be set at \$50. He continued to address the Sectional Analysis:

Sec. 2: AS 35.27.020(h), relating to the Art Works in Public Buildings and Facilities program, adds a new subsection to specify ASCA's management responsibility for public artwork created under the program, to include the management of the relocation, disposition, or exchange of such artwork.

Sec. 3: AS 44.27.050(7), relating to the duties of the ASCA, is a cross reference to the prior section, specifying ASCA's management responsibility for public artwork created through its programs, to include the management of the relocation, disposition, or exchange of such artwork.

Sec. 4: AS 44.27.053(a), establishes the Attorney General being legal counsel for ASCA, similar to other state agencies, and allows the ASCA to retain additional legal counsel as needed, subject to the approval of the Attorney General.

Sec. 5: AS 44.27.055(d), relating to the ASCA managing its affairs, exempts from the purview of the Executive Budget Act those funds received by ASCA from private non-profit foundation partners.

Sec. 6: AS 44.27.080(a), relating to an ASCA-sponsored competition for artistic plates design, from being mandatory to being optional, every four years, at the discretion of ASCA.

Sec. 7: AS 44.27.080(c), relating to the artistic plate design competition, restores authority for the ASCA to award the artist of the winning design a monetary amount set in regulation, from the funds generated by the artistic plates. This provision was repealed in 2018.

Sec. 8: Provides an effective date of July 1, 2021.

[9:15:59 AM](#)

BEN BROWN, CHAIRMAN, ALASKA STATE COUNCIL ON THE ARTS (via teleconference), thanked the sponsor and his staff for the work on the bill. He affirmed that Mr. Lamkin had addressed the provisions accurately and succinctly. He commented that the bill was somewhat time sensitive. He discussed the current Alaska Artistic License Program, which involved artist-designed license plates. He explained that the plates were not like other special plates. There was a dual purpose to the plates: to celebrate an Alaskan artist, and to provide a small piece of visual artistic beauty on cars. The program was originally structured with no additional fee to Alaskans. The public response had been amazingly positive.

Mr. Brown mentioned the National Arts and Humanities Act, which dictated the calculation for state funding, and explained that there was a minimum state contribution in every state to trigger the federal match, which for the arts council equated approximately \$600,000. He noted that much of the ASCA budget was from non-governmental sources. Without the state contribution, the council would not have access to funding partners such as the Rasmussen Foundation. He relayed that the council wanted to earn some income to help with the state match. He continued that foundation funds could not be used to fund the state much, however designated general funds (DGF) in the form of revenues from the Artistic License Program, could do so. He asserted that every dollar from an artistic license plate signified an undesignated general fund (UGF) dollar that did not need to be requested from state general funds. He noted that other provisions of the bill were targeted changes identified when the topic of the bill had been raised.

[9:20:47 AM](#)

Senator Wilson asked about the total of state funds needed for matching funds.

Mr. Brown specified that the council needed \$686,000 to trigger federal matching funds.

Senator Wielechowski asked for the approximate amount of private funding or funds from nonprofit organizations the council received.

Mr. Brown relayed that for FY 22, the governor's proposed budget for the council included \$685,100 in UGF, \$10,900 in DGF, \$806,000 in federal funds, and \$2,359,700 in statutorily designated program receipts. He approximated that about 54 percent of the council's overall budget was coming from non-governmental foundation partner sources.

Senator Wielechowski referenced Section 5 of the bill, which exempted the council from the Executive Budget Act. He asked for the rationale behind the provision.

Mr. Brown explained that the provision was a direct result of the council's experience from a few years ago when all of the council's funding had been vetoed. He explained that at the time, if the statutorily designated program receipts had not been vetoed, the council would have been able to stay in operation longer and not have had to abruptly shut down and lay off all its staff, close its offices, and erase its website. After the funds had been restored by the legislature, he had met with the governor and his chief of staff to discuss putting a provision in the statute to exempt the component of the budget from the Executive Branch Budget Act. He noted that the bill section was there with the concurrence of the Dunleavy Administration. He did not see the provision as problematic. The rationale was that the funds were not governmental and did not need to be subject to the act in the same way that state and federal dollars were.

[9:24:04 AM](#)

Co-Chair Bishop asked if Mr. Brown could discuss auditing protocol for the council if Section 5 of the bill were to go into effect.

Mr. Brown did not believe that being exempted from the Executive Branch Budget Act would prevent the Legislative

Audit Department from looking at all funds received and spent by the council. He noted that the council was administratively housed in the Department of Education and Early Development (DEED). He elaborated that the council could come up with any new procedures that might be necessary if Section 5 became law along with the rest of the provisions of the bill. He noted that there were specific provisions that detailed how funds from the National Endowment for the Arts could be spent. He thought there might be additional steps to ensure transparency for Legislative Audit or other entities but assured that the provision was not to escape tracking but rather to prevent private foundation funds from being vetoed by a future governor.

Co-Chair Bishop stated he would reach out to the legislative auditor for clarification on some of the questions that had been raised.

Senator Wielechowski was curious how procurement would be done with funds from private or non-profit organizations. He asked if there were any related procedures in place at the council.

Mr. Brown explained that ASCA had undergone a transition to become a quasi-public corporation and ceased to be a regular-line agency, it was already somewhat exempted from the strictures of state procurement. He relayed that ASCA had since endeavored to come up with a standalone code, but at the current time, the council followed all of DEED's current requirements. He continued that ASCA was farther along with its personnel policy than the conversion to a public corporation status allowed for. He noted that ASCA only had three staff that were juggling the administrative and finance tasks to run the agency, and unfortunately did not have a dedicated finance person.

Mr. Brown continued to address Senator Wielechowski's question. He qualified that ASCA was not in the same position of a regular agency but continued to behave as one with regard to procurement until such time that there was sufficient staff to set up a separate set of procedures. The change in procedure would be done in concurrence and with the approval of DEED, and he was confident that the change would satisfy the public's interest in ensuring that procurement activities were legitimate and documented.

[9:28:53 AM](#)

Co-Chair Bishop OPENED public testimony.

[9:29:10 AM](#)

Co-Chair Bishop CLOSED public testimony.

Co-Chair Bishop set the bill aside.

SB 71 was HEARD and HELD in committee for further consideration.

#sb64

SENATE BILL NO. 64

"An Act relating to management of enhanced stocks of shellfish; authorizing certain nonprofit organizations to engage in shellfish enhancement projects; relating to application fees for salmon hatchery permits and shellfish enhancement project permits; allowing the Alaska Seafood Marketing Institute to market aquatic farm products; and providing for an effective date."

[9:29:28 AM](#)

Co-Chair Bishop noted that the committee was hearing SB 64 for the first time. He intended to hear and hold the bill.

Senator Stevens, Sponsor, discussed the bill. He reminded that fisheries around the state had been up and down, and the bill was an attempt to rebuild the crab and clam stocks the state had in the past. He thought there had been some overfishing. He cited that the practice of planting crab as proposed in the bill had been done successfully in Norway. He noted that Norway had not previously had king crab and the practice had been successful, while Alaska already had the species naturally occurring. He thought the bill was a step forward for industry and would provide jobs.

[9:31:43 AM](#)

Tim Lamkin, Staff, Senator Gary Stevens, commented that the bill was identical to a bill seen in the past. He reminded that the purpose the bill was to strengthen and broaden the fisheries portfolio in Alaska. The statutes were modelled

after existing programs for salmon hatcheries. There was also conforming language.

Mr. Lamkin addressed a Sectional Analysis (copy on file):

Sec. 1: AS 16.05.730(c) Provides the Alaska Board of Fisheries authority to direct the department to manage production of enhanced shellfish stocks, beyond brood stock needs, for cost recovery harvest.

Sec. 2: AS 16.10.400(b) Removes a flat \$100 permit application fee for new private nonprofit salmon hatcheries, to instead be determined by the department by regulation, as described in Section 3 of the bill, below.

Sec. 3: AS 16.10.400 Conforming language consistent with other fee structures set and adjusted by regulation, requiring fees to approximately reflect the cost of administering the application process, and to be reviewed and adjusted periodically.

Sec. 4: Adds a new Chapter 12 to Title 16, "Shellfish Stock Enhancement Projects"

AS 16.12.010 Provides direction to the commissioner of the Department of Fish and Game on the issuance of permits for private nonprofit shellfish fishery enhancement projects intended to improve the yield, rehabilitate stocks, or increase habitat for shellfish. This subsection also directs the commissioner to set an application fee and to consult with technical experts in the relevant areas before permit issuance;

AS 16.12.020 Provides for a hearing and public notification and input process prior to issuance of a permit;

AS 16.12.030 Describes terms and conditions for permit holders to conduct their work, including cost recovery fisheries, harvest, sale, and release of enhancement project produced shellfish, and selection of brood stock sources;

AS 16.12.040 Describes the revocation process should a permit holder fail to comply with the terms and conditions of the permit;

AS 16.12.050 Specifies that shellfish produced under an approved enhancement project are a common property resource, with provision for special harvest areas by

permit holders. This section also specifies the Board of Fisheries to establish regulations relating to this chapter;

AS 16.12.060 Directs the department to advise and assist permit holders in their planning, operations, and construction of facilities to a reasonable and appropriate extent;

AS 16.12.070 provides department authority to approve source and number of shellfish taken for use as broodstock;

AS 16.12.080 places restrictions on how monies receives from sale of shellfish may be used only for operating costs associated with their facilities; AS 16.12.090 Relates to Cost Recovery Fisheries, and provides a means by which a shellfish hatchery may contract to either harvest and sell shellfish, or to implement a self-assessment from amongst its membership, for purposes of recovering operational costs associated with the hatchery. AS 16.12.100 Gives the department authority to inspect facilities at any time while the facility is in operation; AS 16.12.110 Requires a permit holder to submit an annual report to the department; AS 16.12.199 provides definitions for "enhancement project," "facility," "genetically modified shellfish," "hatchery," and "shellfish."

Sec. 5: AS 16.43.400(a) Provides the Commercial Fisheries Entry Commission authority to issue special harvest area entry permits to holders of private nonprofit shellfish rehabilitation, or enhancement project permits.

Sec. 6: AS 16.43.430 Defines legal fishing gear for special harvest area entry permit holders.

Sec. 7: AS 16.51.090 adds marketing and promotion of aquatic farm products to the powers and duties of the Alaska Seafood Marketing Institute (ASMI).

[9:36:06 AM](#)

Mr. Lamkin continued to address the Sectional Analysis:

Sec. 8: AS 16.51.110 conforming amendment, prohibiting ASMI from promoting aquatic farm products not from Alaska, a specific region of Alaska, or by a specific brand name.

Sec. 9: AS 16.51.180(7) conforming amendment regarding the definition of "seafood."

Sec. 10: AS 16.51.180 (8) is a new referential subsection pointing to the existing definition of "aquatic farm product" as described in AS 16.40.199, which states "an aquatic plant or shellfish,.. that is propagated, farmed, or cultivated in an aquatic farm and sold or offered for sale."

Sec. 11: AS 17.20.049(b) Exempts shellfish raised in a private nonprofit shellfish project from the definition of "farmed fish."

Sec. 12: AS 37.05.146(c) Makes application fee revenues received by the Dept. of Fish and Game from the salmon hatchery and shellfish hatchery programs be accounted for separately. Appropriations from those program receipts are not made from the unrestricted general revenue fund.

Sec. 13: AS 43.20.012(a) Exempts a nonprofit corporation holding a shellfish fishery enhancement permit from state corporate income tax when making shellfish sales and engaging in shellfish cost recovery activity.

Sec. 14: AS 43.20.012(a) Is a technical conforming amendment required by prior session law and has no impact on the policies being set in this bill.

Sec. 15: AS 43.76.390 Exempts shellfish harvested under a special harvest area entry permit from seafood development taxes.

Sec. 16: Establishes an effective date for the salmon hatchery permit application fee change, as described in Section 2 above.

Sec. 17: Authorizes the Department of Fish and Game to adopt implementing regulations.

Sec. 18: Establishes an immediate effective date for Section 17 pursuant to AS 01.10.070(c).

Sec. 19: Is a technical, conforming effective date for Section 14 concomitant with 2 CH 55, SLA 2013 and has no effect on the policy set forth in this bill.

Senator Wilson asked how soon the industry would have information about the fees.

Mr. Lamkin explained that stakeholders were all well-informed about the proposed changes. He noted that there was invited testimony that could further address Senator Wilson's question.

Co-Chair Bishop read the list of invited testifiers.

Senator Wilson noted that sometimes it took a couple of years for regulations to be developed. He wondered if the fees would be similar to those already in statute and at what point the industry would have the fee information.

[9:39:58 AM](#)

SAM RABUNG, DIRECTOR, COMMERCIAL FISHERIES, DEPARTMENT OF FISH AND GAME (via teleconference), explained that the fees were one-time fees for a permit application. The salmon hatchery program had only had 50 permit applications processed since its inception in the 1970s. He thought the one-time fee would have a small impact. He estimated that considering inflation, the one-time permit application fee would be in the range of \$1,000, and the amount would be determined through a public process.

Senator Wilson asked if the permits would be new permits, limited entry, or if the permits would be open to all applicants.

Mr. Rabung stated that the fee would be for new permits. The permits did not expire but could be revoked. Any qualified non-profit could apply for a permit.

Senator Wilson asked if there was a limitation on the number of permits that could be issued. He wondered if the department expected there to be a limit on the permits.

Mr. Rabung stated there was no limit on the permits, which were somewhat unique. The permit applications would go through a significant review process. He explained that the permits would be somewhat self-limiting due to the fact

that there would not be practicality in issuing multiple permits for the same location.

9:42:42 AM

Senator Wielechowski asked if any of the scientists at the department had expressed any concerns about the bill.

Mr. Rabung relayed that the areas of concern for the bill would be the same as those for existing projects, such as genetics, pathology, interactions, and management. The department would ensure that there was sufficient comfort to issue permits on a case-by-case basis. He thought many people did not know that there were many ideas for the existing salmon fishery enhancement program that were not approved nor initiated. He expected the same would be true for the proposed program.

Senator Wielechowski understood that scientists had expressed concern about the program but the department felt it had the necessary tools to ensure the safety of the fishery.

Mr. Rabung answered in the affirmative and assured that the department would be conservative and precautionary. He reminded that the department was still tasked with maintaining for sustained yield, which entailed maintaining natural productivity, which was the primary charge.

Senator Wielechowski asked about specific concerns expressed by scientists at the Department of Fish and Game (DFG).

Mr. Rabung relayed that specific concerns had been related to practices. He explained that the department would prescribe the minimum number of brood stock to use in order to not create genetic bottlenecks. The department prohibited breeding for traits or doing anything to alter the organism, which would be placed in the wild for harvest by common property. He noted there were safeguards in place including pathology requirements to prevent disease transmission from the projects to the wild. He cited that there was not a documented case of transmission from the salmon hatchery program to the wild, and the department intended to continue its positive track record with any future projects.

9:45:48 AM

Mr. Rabung noted he was a member of the Governor's Mariculture Task Force, which was established by former Governor Bill Walker in 2016 and was reinstated and extended by Governor Dunleavy. He referred to the DFG mission statement that charged the department to protect, maintain, and improve the fish, game, and aquatic plant resources of the state and manage their use and development in the best interest of the economy and the wellbeing of the people of the state consistent with the sustained yield principle. He cited AS 116.05.092, which charged the department to encourage the investment by private enterprise in the technological development and economic utilization of the fisheries resources, and through rehabilitation, enhancement and development programs do all things necessary to ensure perpetual and increasing production and use of the food resources of state waters and continental shelf areas.

Mr. Rabung continued explained that the work described in the statute had begun under the Fisheries Rehabilitation, Enhancement, and Development Division (FRED) of DFG until 1994 when FRED division was merged with the Commercial Fisheries Division. He explained that with FRED division gone, the department no longer conducted fishery restoration, rehabilitation, or enhancement projects; other than the Division of Sport Fish's hatcheries and stocking program. He explained that the Division of Commercial Fisheries still operated the pathology, gene conservation, and mark tag and age labs, and had contracted out operation of FRED's salmon hatcheries to private non-profit aquaculture associations that operated at their own expense as a service to common property users.

Mr. Rabung continued his remarks. He explained that DFG provided permitting and oversight for statewide aquaculture. The section was responsible for the salmon hatchery program, the aquatic farming program, and permitting research and educational projects statewide. He explained that currently Alaskan mariculture was limited to aquatic farming. He noted that aquatic farm product was considered private property just as livestock, and primarily benefitted private owners and business. In contrast, fishery enhancement entailed restoration, rehabilitation of natural production, which benefited the

common property fisheries rather than private ownership and was what would be allowed if SB 64 became law.

9:49:01 AM

Mr. Rabung explained that restoration meant restoring a stock in a location where it had been extirpated and no longer existed, and bringing it back to a level that could be naturally produced and sustained. Once restoration was achieved, the project would cease. He explained that enhancement signified producing additional numbers of natural producing stock above what could be produced in nature in order to provide additional harvestable surplus. If the project ceased, the supplemental production went away and the production of the stock would revert to what could be naturally produced and sustained. He used the example of the Alaska King Crab Research, Rehabilitation and Biology Program (AKCRRAB), which planted juvenile king crab from nearby stocks into locations which once supported the stocks, until they were overfished. He recounted that the only recovery tool DFG could employ was fisheries closure, and with the passage of SB 64 there would be another tool to try.

Mr. Rabung described collecting adult razor clams, inducing them to spawn, and planting the juveniles on the parents' beach as an example of a mariculture rehabilitation project. He used the example of hard-shell clams in Kachemack Bay and collecting and aggregating abalone in Southeast to enhance spawning success. The technique had been used in other parts of the world to improve reproductive success but was not yet legal in Alaska outside the department. He mentioned back-stocking sea cucumber juveniles after a dive fishery as an example of a mariculture enhancement project. The department typically operated dive fisheries on a three-year rotation to allow for the stock to recover and produce additional harvestable surplus. He thought the process could be used for any number of shellfish including geoduck and crab.

Mr. Rabung noted that targeting enhanced stocks could give the opportunity for other stocks to replenish and recover. He summarized passage of a law to allow for restoration, rehabilitation and enhancement of shellfish stocks was one of the priorities identified by the mariculture task force. If SB 64 passed, the work would be subject to pathology, genetic, and management oversight by the department. He

asserted that Alaska had the most stringent aquaculture guidance in the world and was used as an example of best practices while it minimized the negative effects on natural production and maintained sustainability.

9:53:08 AM

Senator Wielechowski asked about the scope of a permit granted to a non-profit. He asked the permit could be limited to the placement of shellfish stock, not to include the removal of another species such as sea otters.

Mr. Rabung stated that a permit would only be for placement of juvenile stocks and could not be used to mitigate sea otters.

Senator Wielechowski asked if the areas where stocking or rehabilitation occurred would be closed to the public or limited in access.

Mr. Rabung stated that the organisms produced by the projects would be available to the common property for harvest. There were provisions in the bill to allow for cost-recovery harvests in a special harvest area to be established. He thought the bill had an awkward way to model after a salmon problem, since salmon returned to the same place. A special harvest area signified a special area that a project operator could harvest organisms to help with cost recovery and would not exclude others.

Senator Wilson followed up on Senator Wielechowski's comment and asked if the department had looked at funding a group that could legally help eradicate the otter population.

Mr. Rabung did not know of a project such as Senator Wilson described and thought the inquiry would be best directed to the wildlife conservation division. He thought the only people that could legally harvest sea otter were Alaska Natives.

Senator Wilson asked if the department had looked at ways to incentivize tribal entities or other groups to help have a better outcome for shellfish populations.

Mr. Rabung stated, "not to my knowledge."

Senator Wielechowski referenced Section 19, which allowed for Section 14 to take effect in 2013, and explained that Section 14 dealt with income taxes. He asked for explanation and rationale for the section and asked who would be affected.

Mr. Rabung believed the section was modelled after the existing salmon fishery enhancement program, whereby non-profits were not subject to state corporate income tax on revenues generated through cost recovery.

Senator Wielechowski understood that the effective date was 2013 in Section 19.

Mr. Rabung suggested that if 2013 was shown in Section 19, the date was most likely a holdover from the original introduction of the bill.

Mr. Lamkin recalled that the date was a drafting requirement that was technical and conforming in nature as proposed by the Legislative Legal Division. He agreed to research the matter further and get back to the committee with the information.

[9:58:07 AM](#)

GINNY ECKERT, PROFESSOR OF FISHERIES ECOLOGY, UNIVERSITY OF ALASKA FAIRBANKS (via teleconference), relayed that she was a director at Alaska Sea Grant, and was also a member of the Governor's Mariculture Task Force. She discussed her background. She had been a shellfish expert working in the state since 2000. Since 2007, she had worked on king crab rehabilitation, including with the AKCRRAB program. She had testified in support of the bill several times. She wanted to speak to the need for rehabilitation of shellfish and related that many of the native species (such as king crab) had declined due to fishery overharvest. Many king crab stocks had crashed in the 1980s and had not recovered since even though the fishery had been closed approaching 40 or more years. She thought overfishing was likely the cause of the decline, and noted that there was a significant amount of trawl bi-catch, including by foreign fleets that were allowed prior to the 1970s.

Dr. Eckert continued her remarks. She discussed open king crab fisheries that were declining such as in Bristol Bay, with concern it could close as early as this year. She and

her colleagues had published over 30 publications on king crab and had studied many factors to understand the bottleneck for recovery. Much of the work had informed fisheries management and helped to understand if placing juveniles in the field would be successful. She considered that the early life stage was a bottleneck to recovery that could be addressed by hatchery rearing. She discussed genetics and relayed that king crab and shellfish were genetically very different than salmon. King crab reproduced in the wild, and it was possible to maintain genetic diversity. She discussed research that showed it was possible to raise juvenile crab and place them in the wild.

[10:02:47 AM](#)

Dr. Eckert continued her remarks. She used an example of a successful program in Washington that involved raising abalone in a hatchery and out-planting them in Puget Sound. She thought the bill was needed to move forward with rehabilitation on a larger scale.

Senator Wielechowski was curious about survival rates of king crab.

Dr. Eckert did not have the survival numbers available. She noted that a female king crab could release 100,000 embryos per year, and for the population to be sustainable, only two would need to survive and reproduce. She explained that natural survival in the wild was very low. She offered to provide more information at a later time.

Co-Chair Bishop asked Ms. Eckert to direct the information to his office for distribution to members.

[10:04:51 AM](#)

HEATHER MCCARTY, CHAIR, ALASKA MARICULTURE TASK FORCE, JUNEAU (via teleconference), spoke in favor of the bill. She discussed her qualifications, and relayed she worked with Central Bering Sea Fisherman's Association (CBSFA) in St. Paul Island and was a co-chair of AKCRRAB. She thanked the sponsor for the work on the bill. She recalled that the mariculture task force was formed in 2016, and she had been on the task force since its inception. She noted that the task force had a goal of development of mariculture in Alaska. The task force had focused on regulatory issues,

statutory issues, science and research issues, marketing issues, and passage of the bill had been a priority.

Ms. McCarty continued her remarks. She mentioned the importance of the marketing aspect of the bill. She affirmed that CBSFA had long been a supporter of shellfish mariculture. She discussed the Pribilof Blue King Crab, which had been a tremendous resource that had been a part of the economic base of St. Paul until the early 1980s. There was a huge crab processing plant on St. Paul which was a tax basis for the community. She mentioned the loss of the red king crab in Kodiak. She hoped that through AKCRRAB efforts, the crabs would be rehabilitated. She thought the bill would put employ another tool to bring the crabs back from near extinction.

Co-Chair Bishop thanked Ms. McCarty for her testimony.

[10:09:57 AM](#)

JULIE DECKER, EXECUTIVE DIRECTOR, ALASKA FISHERIES DEVELOPMENT FOUNDATION (via teleconference), expressed strong support for the bill. She asserted that the bill would create a framework for shellfish enhancement and would allow for the Alaska Seafood Marketing Institute (ASMI) to market aquatic farm products to further the state's new mariculture industry. She thought the bill accomplished two priority recommendations of the mariculture task force. She discussed the mission of the Alaska Fisheries Development Foundation (AFDF) and relayed that the foundation had looked toward developing mariculture in an expedited way. She served on the mariculture task force.

Ms. Decker continued her testimony. She discussed sustainability, and AFDF's role in certifications of Alaska salmon as sustainable fisheries, including the salmon enhancement program. She noted that the management of DFG incorporated a precautionary approach that prioritized wild fish and minimized adverse impacts to wild stock. She contended that DFG had extensive enhancement policies that protected wild stock and fulfilled its constitutional mandate to manage the state's fishery resources for sustainability. She asserted that DFG would manage shellfish enhancement with the same constitutional mandates to protect wild stock, and AFDF supported the bill as a part of DFG's sustainable management program.

Ms. Decker asserted that shellfish enhancement could diversify and expand economic opportunity by increasing harvests for sport, subsistence, and commercial use. She cited the value that salmon enhancement brought to the state's economy between 2012 and 2017 and thought shellfish enhancement would similarly add to the state's economy. She concluded that ADFD believed that growth of the mariculture industry could play an important role in the economies of coastal Alaska, and passage of the bill was central in enabling the economic potential.

10:14:27 AM

Co-Chair Bishop OPENED public testimony.

10:14:36 AM

JEREMY WOODROW, EXECUTIVE DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE, JUNEAU (via teleconference), testified in support of the bill. He read from a prepared statement:

The Alaska Seafood Marketing Institute fosters the economic development of Alaska's seafood resources. It plays a key role in positioning Alaska's seafood industry as a competitive market-driven food production industry and functions as a brand manager of the Alaska family of seafood brands. Recognizing mariculture as an emerging maritime industry, with tremendous opportunity for Alaska's coastal economies, ASMI supports SB 64.

Mariculture involves cultivating marine organisms in the ocean for food and other products such as oysters, mussels, abalone or geoduck or seaweed such as kelp. the practice does not require feed, fertilizer, insecticides, herbicides, or antibiotics, making it sustainable and inexpensive. Because of its economic and environmental promise, the Alaska Mariculture Task Force had identified the goal to build the Alaska mariculture production into a \$100 million per year industry over the next 20 years. In order to increase jobs and economic opportunity for fishermen and Alaska businesses, the ASMI Board of Directors unanimously supports SB 64 and legislative action to allow for the marketing of mariculture products or aquatic farm products as defined in AS 16.40.199 as ASMI is

currently prohibited from doing so. It was joined in support of the bill by the Alaska seafood industry, the Mariculture Task Force, the Alaska Shellfish Growers Association, as well as many new Alaskan-owned and operated businesses.

Not only does mariculture represent a significant economic opportunity for Alaska, it offers the ability for seafood companies to diversify their existing portfolios. With the support and efforts of the mariculture task force, small family businesses had already proven products could be commercially viable by selling boutique products while offering fishermen opportunities to utilize their vessels and their skills in shoulder seasons. If passed, ASMI plans to include mariculture products in its effective and lucrative consumer retail, food service, and food aid outreach in domestic and targeted foreign markets. In efforts to ramp up this burgeoning industry, ASMI will lend the same expertise and outreach to this industry as it has to Alaska's seafood industry for the last 40 years. Thank you for recognizing the value of Alaska's maritime economy and for consideration of this meaningful legislation to aid economic development across Alaska's coastal communities.

Senator Wilson referenced a prior conversation relating to the shellfish industry not paying an assessment and mentioned equitability. He asked if Mr. Woodrow anticipated that the shellfish industry would contribute to the marketing of its product.

Mr. Woodrow explained that the ASMI board recognized that the shellfish was presently a very small but promising and growing industry. He qualified that at its present size, any assessment would be miniscule and would not make an impact to ASMI's overall operation. He continued that ASMI anticipated that as the industry grew as anticipated, at some point an assessment would be created and then the industry could be equal partners like the rest of the seafood industry. He explained that the ASMI board as well as the mariculture industry really saw the value of the statute change. He emphasized that there were numerous grant opportunities that ASMI could apply for if the bill were to pass. He considered that the ASMI board thought adding shellfish to its portfolio would be good for finding new investors and buyers.

10:19:11 AM

NANCY HILLSTRAND, OWNER, PIONEER ALASKA FISHERIES, KACHEMAK BAY (via teleconference), spoke in opposition to the bill. Her organization had been incorporated in Alaska since 1964, had fished since 1959, and fished most of the different species in the state. She shared that she had testified on the bill in a previous committee and had been degraded by DFG for trying to share her concerns about the bill. She thought that people in opposition to the bill did not want to testify. She thought SB 64 diverted significant DFG budget away from wild fisheries, and reduced general funds away from the state's mandate of wild fish priority. She thought there were major problems with sockeye salmon in the Gulf of Alaska. She emphasized that wild fisheries needed protection. She mentioned "major hatchery strain" in Prince William Sound and Cook Inlet. She mentioned major strain in Southeast Alaska. She cited that the Alaska Hatchery Research Program was showing productivity was less than half of hatchery fish than wild fish. She was concerned about the legislature getting the appropriate information.

Ms. Hillstrand continued her remarks. She cited that the chief scientist at the recent March meeting of the Board of Fisheries had stated that "we don't want to be caught flat-footed," and that the state needed an academy of sciences to assist in sorting through the problems. She thought the legislature was only hearing one side of the story. She referenced the 1991 legislative research request regarding the effects of hatchery salmon on wild salmon. She thought it was important to get more information about fisheries in the state. She mentioned overharvest of crab. She had concerns about AS 16.12.050 and thought the Board of Fisheries was not being consulted when there was alteration of hatcheries permits. She thought there needed to be more public process and alterations of regulations with regard to hatcheries alterations.

Ms. Hillstrand continued her remarks. She referenced AS 16.12.080. She reiterated that more information needed to be in the enhancement report and wanted the legislature having a balanced report. She mentioned a lawsuit with the Department of Natural Resources. She worried about small shellfish farmers and thought ASMI had a burgeoning focus

on corporate farms. She thought there were many unanswered questions and more work needed to be done on the bill.

10:23:57 AM

Co-Chair Bishop asked if Mr. Rabung had heard Ms. Hillstrand's public testimony and if he had any comments.

Mr. Rabung thought Ms. Hillstrand made some very good points, but thought she misunderstood the Board of Fisheries' regulation she had referenced. He asserted that there was no obligation for the department to run permits by the board. He thought there was a mischaracterization of the statute. He addressed the hatchery research program that the department had been conducting since 2012 and explained that the program was not complete, and all the publications would not be out until 2024. He mentioned pink salmon strays in Prince William Sound, and the finding that there were fewer offspring returns if salmon stray-spawned in natural streams. There were no results from the second generation from the pedigree study. He thought it was intuitive that a stray would have lower reproductive success due to selective pressures. He noted that three of the four highest wild stock returns of pink salmon in Prince William Sound had been in the last ten years. He noted that the department was doing a "deep dive" to look for mechanisms, and to investigate whether the situation was ephemeral. He noted that hatchery stocks were derived from local stocks, which was unique to Alaska.

Mr. Rabung continued his comments. He mentioned the Hatchery Scientific Reform Group had summarized work and itemized improvements, which Alaska was already doing. He discussed the success of salmon hatcheries in Alaska, and thought it was hard to see the problem.

10:28:08 AM

Mr. Rabung addressed Ms. Hillstrand's comment about ASMI. He thought it was important to protect small shellfish farmers as referenced by Ms. Hillstrand. He thought ASMI fees had a minimum income threshold. He referenced Ms. Hillstrand's comment about budget and explained that the department did not expect any cost from the proposed bill, as the work would be absorbed by existing programs. He did not anticipate a rush of projects, as projects needed to be

self-funded. He noted that the department also routinely required new projects to start small in order to identify unintended consequences and to allow projects to adapt or be stopped.

Senator Wielechowski referenced page 5, lines 30 and 31 of the bill, which iterated that the Board of Fisheries may not adopt a regulation or take an action regarding the issuance or denial of a permit. He asked for the rationale behind the language.

Mr. Rabung that the same language was in the existing salmon fishery enhancement statutes. He relayed that when the statutes were written, it had been clear that the permitting authority was given to the commissioner, and allocation of the harvest was the authority of the board. The separation was intentionally done to prevent mixing of roles.

[10:31:04 AM](#)

Co-Chair Bishop CLOSED public testimony.

SB 64 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop discussed the agenda for the upcoming meeting.

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ADJOURNMENT

[10:31:38 AM](#)

The meeting was adjourned at 10:31 a.m.